

# FISCAL NOTE

**Bill #:** SB0442

**Title:** Generally revise school laws

**Primary**

**Sponsor:** Barry "Spook" Stang

**Status:** As Introduced

---

Sponsor signature	Date	Dave Lewis, Budget Director	Date
-------------------	------	-----------------------------	------

---

## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$21,340,000	\$23,550,000
<b>Revenue:</b>		
General Fund	\$420,000	\$440,000
State Special	\$60,000	\$60,000
<b>Net Impact on General Fund Balance:</b>	<b>(\$20,920,000)</b>	<b>(\$23,110,000)</b>

---

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

---

## Fiscal Analysis

### ASSUMPTIONS:

1. SB442 eliminates the county retirement levy and replaces it with a district retirement levy. The only funding source available to reduce the district retirement levy in FY2000 is the balance from the county retirement fund. In FY 2001, the district will receive non-levy revenue from oil and gas production taxes and motor vehicles fees to reduce the property tax requirement, but will no longer have the fund balance from the county retirement fund.
2. District retirement budgets total \$92.2 million for FY1999. Retirement budgets are projected to grow by 3% in FY 2000 and FY 2001.
3. The fund balance available in the county retirement funds at the end of FY 1999 is projected to be \$10.34 million. Note that some county fund balances are great enough to fully fund FY 2000 and FY 2001.

(continued)

4. Oil and gas tax allocations to the district retirement fund are projected to total \$1.4 million in FY 2001. Motor vehicle fee allocations to the district retirement fund are projected to total \$2.8 million. Fund balance reappropriated in the district retirement fund is projected to total \$1.4 million in FY 2001.
5. The statewide mill value per elementary ANB is projected to be \$20.29 in FY 2000 and FY 2001. The statewide mill value per high school ANB is projected to be \$44.33 in FY 2000 and FY 2001.
6. Under SB 442, the state GTB cost for district retirement budgets is estimated to be \$40.74 million in FY 2000 and \$42.95 million.
7. The state GTB cost for county retirement, under current law, is estimated to be \$19.4 million.
8. The increased collections by the General fund as a result of the elimination of the county retirement levy from Coal Gross Proceeds tax is \$0.42 million in fiscal year 2000 and \$0.44 in fiscal year 2001.
9. The increased collections by the Montana University System six mill levy (state special) as a result of the elimination of the county retirement levy from Coal Gross Proceeds tax is \$0.06 million in each year of the biennium.

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Total Retirement costs	\$94.97	\$97.82
Reductions to total costs		
County fund balance	8.94	1.22
Fund Balance reappropriated	0.00	1.40
Non-levy Oil and gas tax allocations	0.00	1.40
Non-levy Motor Vehicle	<u>0.00</u>	<u>2.80</u>
Total remaining costs to share with district	\$86.02	\$91.00
State GTB aid (approximately 47%)	\$40.74	\$42.95
Less current state costs for county retirement	19.40	19.40
Less increased collections from Coal GP	<u>0.42</u>	<u>0.44</u>
Net decrease in general fund balance	\$20.92	\$23.11

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
--	------------------------------	------------------------------

Expenditures:

Local assistance – Retirement GTB	\$21,340,000	\$23,550,000
-----------------------------------	--------------	--------------

Funding:

General Fund (01)	\$21,340,000	\$23,550,000
-------------------	--------------	--------------

Revenues:

General Fund (01)	\$420,000	\$440,000
State Special (02)	<u>\$60,000</u>	<u>\$60,000</u>
TOTAL	\$480,000	\$500,000

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$20,920,000)	(\$23,110,000)
State Special (02)	\$60,000	\$60,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Property tax levies within the counties will decrease by the same amount that state GTB costs increase.

Property taxes for retirement will decline by \$21,340,000 in FY2000 and by \$23,550,000 in FY 2001.

However, there will be shifts among property taxpayers within counties as district taxes for retirement will be higher than the current county taxes in some districts and lower in others.

With the consolidation of school elections to the traditional state and county primary election day (first Tuesday after the first Monday in June), there is potential election cost savings for the counties.

Three county retirement fund levies currently receive Coal Gross Proceeds revenue. The total amount of revenue available is approximately \$1 million per year. This revenue will no longer be used to fund county retirement levies, but be redistributed to county government, county transportation, and school levies as well as the state levies listed in the assumptions. Local levies will receive approximately 50% of the redistribution.

TECHNICAL CONCERNS:

1. The requirement to vote budget authority in Section 30. Section 20-9-308 (2) MCA may not always result in a tax increase. Section 33. Section 20-9-353 MCA is written to address tax increases only. If a district needs to vote budget authority, it is unclear how the district would place the issue on the ballot.
2. Section 33. Section 20-9-353 MCA allows districts to not consolidate their levies. If a district chooses to not consolidate their levies, it is unclear how (4)(b), the order that levies are funded, would be applied.
3. If a district had to prioritize their funding as allowed in Section 33. Section 20-9-353 MCA (4)(b) items at the bottom of the list (adult education or non-operating fund) may have reduced funding from previous year.
4. This bill changes the language in 20-9-308 MCA to allow the greater of the previous year's budget or the previous years per-ANB amount. This allows schools with declining enrollments to keep their budget at the previous year's level without a vote.